

Mutual High Yield Fund (MHYF)

Fund Report | August 2026



Mutual Limited

Performance

	3 Mth	6 Mth	1 Yr	3 Yr *	5 Yr *	Incep. *
Fund Net Return	2.11	3.36	7.45	9.86	8.25	7.43
AusBond Bank Bill Index	1.15	2.16	3.99	4.21	3.26	2.37
Relative Performance	0.96	1.20	3.46	5.65	4.99	5.06

*Returns greater than 1 year are per annum

Gross Running Yield

8.44%

Risk Profile



Medium - High

Key Facts

Fund Objective

To source and actively manage a portfolio of fixed interest credit assets with a core focus on structured credit. Targeted portfolio construction is to hold assets with a shorter credit duration to limit capital movements during periods of market volatility.

Benchmark Index

AusBond Bank Bill Index

Inception Date

February 2019

APIR/ISIN

PRM8798AU/AU60PRM87985

Distribution

Quarterly

Buy/Sell Spread

Nil / Nil

Minimum Investment

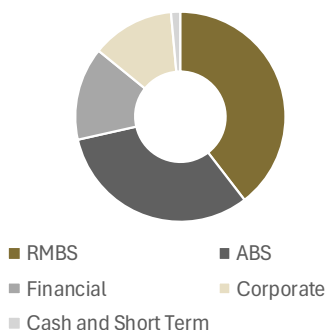
\$20,000 (\$1 via IDPS)

Ratings

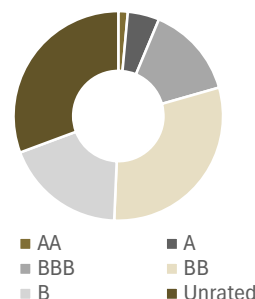
Zenith Recommended

Lonsec Recommended

Portfolio Allocation



Rating Exposure



Monthly Commentary

MHYF returned 0.58% (net) in August. The 6 month net return was 3.36% and the 12 month net return was 7.45% at the end of August. Over the past 12 months the fund has returned 3.46% above the Ausbond Bank Bill Index, versus a target of 4.50%.

July CPI was the main act in August, with a repricing of the interest rate outlook driven by July CPI that beat on both measures. Headline CPI eased to +3.5% YoY but exceeded the +3.3% consensus, while the trimmed mean held at +3.5% YoY against +3.5% expected. The RBA held the cash rate at 4.35% unanimously alongside dovish forecasts, but the press conference ran the other way, the Governor naming excess demand and inflation expectations as key risks and saying she personally thought it quite possible the Board would need to go again.

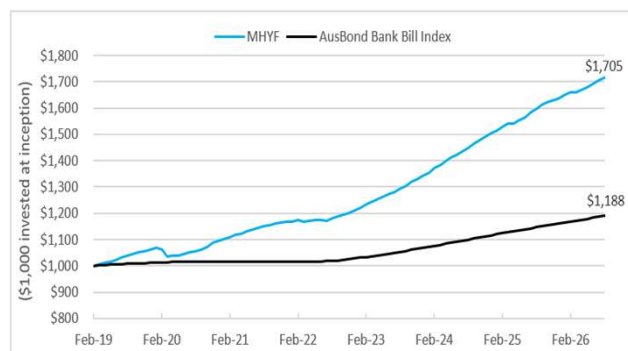
Adding to the CPI data, the household sector showed a refusal to slow, even as the labour market softened. July household spending accelerated to +7.0% YoY against +5.7% YoY expected, with sentiment up +6.0% to 88.9 — consumers accepting higher prices and firms passing costs on without losing volume. Against that, employment fell 15,800 and unemployment rose to 4.5%.

Credit spreads widened modestly in August, driven by the inaugural hyperscaler issuance from Alphabet that more than doubled the largest A\$ corporate deal previously issued. Rated at AA+, the 3 and 5 year FRNs at +65bps and +90bps respectively dragged some demand away from major bank senior in secondary. By the end of the month, major bank senior spreads were 2-4bps wider.

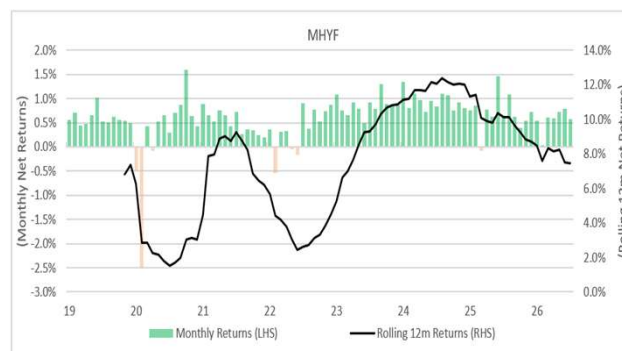
New issuance in securitisation was busy with nine transactions pricing for a total value of almost A\$8bn. At the top of the structures the AAA tranches are pricing wider than the February levels across the different asset classes, while down the mezzanine stack pricing is at or inside levels from earlier in the calendar year. This is peculiar given we have seen two rate hikes and ongoing softness in house prices. On the latter, the latest data showed a fall of 1.1% in capital city prices in August, taking prices 4.6% below the March 2026 peak. Price declines are broadening across suburbs, however data for the 3 months to July shows larger declines in the top 25% of sales by value. These properties typically have higher loan values which are unlikely to be funded in an RMBS pool.

So far, mortgage arrears remain benign. Mutual's data show prime arrears ticking up slightly to 0.85% and non-conforming falling 10bps to 2.59%. While the current environment is showing little stress, another hike to 4.60% would take the cash rate to its highest level since 2011. That, alongside falling house prices and a softening labour market, is where the sector could come under pressure — not our base case, but a path now plausible rather than theoretical. While we are monitoring the risks, fund returns are benefitting from a higher cash rate and solid investor demand for asset backed securities.

Performance Comparison



Monthly Net Return



Portfolio Statistics

Running Yield	8.44%
Yield to Maturity	8.19%
Financial	16%
Structured	71%
Corporate	13%
Interest Duration	0.06 years
Credit Duration	2.50 years
Fund size	\$674.71m

Why Mutual?



Trusted Expertise

Highly experienced Australian investment manager specialising in cash, credit, and fixed income investments.



Capital Stability with Regular Income

Our defensive investment approach prioritises capital preservation and steady returns.



Daily Liquidity and Low Fees

Benefit from the accessibility of daily liquidity across all our Funds, along with a cost-effective fee structure.

Platform Availability

BT Panorama, Centric, CFS Edge, Hub24, Insignia, Macquarie, Mason Stevens, Netwealth, Powerwrap, Praemium



Signatory of:



For more information, contact Copia

1800 442 129 | clientservices@copiapartners.com.au | mutualld.com.au

Important Information:

Past performance is not a reliable indicator of future performance. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The reference indices do not incur these costs. This information is provided for general comparative purposes.

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